

## Key Points

June 2003

## *Environmental Quality Incentives Program*

---

- The Environmental Quality Incentives Program (EQIP) final rule was published in the Federal Register on May 30, 2003.
- The significant changes in the EQIP final rule, as compared to the proposed rule, are:
  - American Indians, Alaska Natives, and Pacific Islanders may use a unique identification number as an alternative to a Social Security number.
  - The definition of “limited resource producer” was revised. A limited resource producer is a person with direct or indirect gross farm sales of not more than \$100,000 in each of the previous two years (to be increased starting in fiscal year 2004 to adjust for inflation using the Prices Paid by Farmer Index as compiled by the National Agriculture Statistics Service); and has a total household income at or below the National poverty level for a family of four, or less than 50 percent of county median household income in each of the previous two years (to be determined annually using Commerce Department data).
  - A \$450,000 cap was established for each EQIP contract.
  - State conservationists, with regional conservationist concurrence, are authorized to approve the EQIP cost lists used in the State rather than each individual contract that contains a cost-shared practice greater than 50 percent.
  - Land that has been irrigated two of the last five years, rather than three of the last five, is eligible for EQIP assistance to improve irrigation efficiency.
- The definition of “agricultural operation” was revised to include the parcel or parcels, whether contiguous or non-contiguous, that constitute a cohesive management unit for agricultural purposes.
- The term “cost effectiveness” was clarified. NRCS will provide assistance to implement the least-cost alternative that would achieve the desired resource benefits. Participants may choose to adopt more costly alternatives but they would bear the additional costs.
- The rule emphasizes that EQIP requires the identification of priority resource concerns to guide development of cost lists and ranking processes to select which applications will be awarded contracts for EQIP assistance.
- Even with increased levels of funding, requests for EQIP contracts are exceeding available funding by almost six to one.
- National priorities will be used to guide which producers will be selected to receive EQIP assistance; they are:
  - Reduction of nonpoint source pollution, such as nutrients, sediment, pesticides, or excess salinity in impaired watersheds, consistent with TMDLs where available, as well as reduction of groundwater contamination and conservation of ground and surface water resources;
  - Reduction of emissions, such as particulate matter, nitrogen oxides (NO<sub>x</sub>), volatile organic compounds, and ozone precursors and depleters, that contribute

- to air quality impairment violations of National Ambient Air Quality Standards;
- Reduction in soil erosion and sedimentation from unacceptable levels on agricultural land; and
- Promotion of at-risk species habitat conservation.
- The final rule and program guidance provides State and local decision makers directions to optimize environmental benefits and improve program efficiency; they are:
  - A performance incentive will be awarded to States that achieve a high level of program efficiency.
  - The identification of priority natural resource concerns, which support the National priorities, at the State and local level to further refine guidance for which producers will be selected for EQIP assistance.
  - State conservationist and regional conservationist oversight of the locally led process.
  - Full public disclosure of cost-share lists and ranking procedures.
- All NRCS State and local decision makers are prepared to begin the process to award EQIP contracts once the final rule is published.
- EQIP program administration has been streamlined and legislative changes have been incorporated through the rule making process, including:
  - Up to 90 percent cost-share for limited resource and beginning producers.
  - A payment limitation of \$450,000 per individual or entity for all fiscal year 2002-2007 EQIP contracts.
- Livestock operations are eligible to receive cost-share payments for waste storage facilities. Contracts which contain animal waste storage or treatment facilities require that the participant develop and implement a comprehensive nutrient management plan.
- Nationally, EQIP funds to be allocated toward livestock related practices increased from 50 percent to 60 percent.
- Applicants are ineligible if their average adjusted gross income for the previous three years exceeds \$2.5 million, unless 75 percent or more is derived from agricultural activities.
- Since EQIP was established in the 1996 Farm Bill, USDA has entered into 117,615 contracts and obligated nearly \$1.08 billion to help producers advance stewardship on working agricultural land.

### ***For More Information***

If you need more information about EQIP, please contact your local USDA Service Center, listed in the telephone book under U.S. Department of Agriculture, or your local conservation district. Information also is available on the World Wide Web at: <http://www.nrcs.usda.gov/programs/farmbill/2002/>



Visit USDA on the Web at:  
<http://www.usda.gov/farmbill>

**Note:** This is not intended to be a definitive interpretation of farm legislation. Rather, it is preliminary and may change as USDA develops implementing policies and procedures. Please check back for updates.